

AMENDED IN ASSEMBLY APRIL 30, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 733**

**Introduced by Assembly Member Longville**  
**(Coauthor: Assembly Member Runner)**  
(Coauthor: Senator Knight)

February 19, 2003

---

An act to amend Section 14176.5 of, *and to add Section 14176.7 to*, the Welfare and Institutions Code, relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

AB 733, as amended, Longville. Medi-Cal: overpayment forgiveness.

Existing law provides for the Medi-Cal program, administered by the State Department of Health Services, under which qualified low-income persons are provided with health care services.

Under existing law, the department audits providers to determine whether any overpayments have been made for Medi-Cal services and, subject to an appeals process, the department is empowered to collect overpayments determined to have been made pursuant to these audits. Existing law also provides that whenever, pursuant to an audit conducted by the department, an overpayment for Medi-Cal services has been made to certain categories of hospitals located in Kern or Monterey Counties for services rendered from January 1, 1992, to December 31, 1997, the department may forgive a hospital the debt arising from the overpayment and interest.

This bill would expand the application of this provision to hospitals otherwise meeting the requirements of this provision, but which are located in San Bernardino County.

*This bill would provide that when the department determines pursuant to an audit that a hospital owes a debt arising from an overpayment for Medi-Cal services, and the hospital seeks relief from the debt by the introduction of a bill in the Legislature to authorize the department to forgive the debt, the appropriate policy committee chairperson or fiscal committee chairperson may request an assessment of the legislation from the department, as specified.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 14176.5 of the Welfare and Institutions  
2 Code is amended to read:

3 14176.5. Whenever it has been determined, pursuant to an  
4 audit conducted by the department, that an overpayment for  
5 Medi-Cal services has been made to a hospital for services  
6 rendered from January 1, 1992, to December 31, 1997, the  
7 department may forgive all or part of the debt arising from the  
8 overpayment, and interest, if the hospital is all of the following:

9 (a) A disproportionate share hospital, as defined in Section  
10 14105.98.

11 (b) Located in Kern County, San Bernardino County, or  
12 Monterey County.

13 (c) A nonprofit hospital, as defined in Section 127050 of the  
14 Health and Safety Code, or not affiliated with a hospital system.

15 SEC. 2. Section 14176.7 is added to the Welfare and  
16 Institutions Code, to read:

17 14176.7. (a) When the department determines pursuant to an  
18 audit that a hospital owes a debt arising from overpayment for  
19 Medi-Cal services, and the hospital seeks relief from the debt by  
20 the introduction in the Legislature of a bill to authorize the  
21 department to forgive the debt, the appropriate policy or fiscal  
22 committee chairperson may request an assessment of the  
23 legislation from the department. The department shall provide this  
24 assessment within 45 days of the chairperson's request.

- 1     ***(b) The assessment performed by the department shall evaluate***  
2 ***the following:***  
3     ***(1) The cause of the overpayment.***  
4     ***(2) The ability of the hospital to repay the debt.***  
5     ***(3) The fiscal solvency of the hospital.***  
6     ***(4) The impact that repayment of the debt would have on***  
7 ***services provided by the hospital.***  
8     ***(5) Whether the hospital is a disproportionate share hospital.***  
9     ***(6) The impact of failure to forgive all or part of the debt on***  
10 ***patients' access to health care services.***

